

## Zone of Natural Expansion Is a Shield, Not a Sword

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The US Court of Appeals for the Federal Circuit upheld a Trademark Trial & Appeal Board decision to partially cancel trademarks, ruling that an opposition challenger could not use the zone of natural expansion doctrine to claim priority because the doctrine is strictly defensive. *Dollar Financial Group, Inc. v. Brittex Financial, Inc.*, Case No. 23-1375 (Fed. Cir. Mar. 19, 2025) (Prost, Taranto, **Hughes**, JJ.)

Dollar Financial Group (DFG) is a loan financing and check cashing business that has used the mark MONEY MART since the 1980s. In 2012, DFG expanded and started using the mark in connection with pawn brokerage and pawn shop services. DFG registered MONEY MART for these new services in 2014. Brittex petitioned to cancel the registration on several grounds, including that the registrations were improperly issued in violation of the Lanham Act, which bars registration of a mark that “so resembles . . . a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive.” 15 U.S.C. § 1052(d). Brittex has operated pawn shops under the names Money Mart Pawn and Money Mart Pawn & Jewelry since the 1990s and claimed prior common law rights to the MONEY MART mark for pawn services.

The Board ruled in favor of Brittex, finding that Brittex had priority over DFG for pawn services due to its earlier use of the mark. The Board also determined that DFG could not rely on the zone of natural expansion doctrine to establish priority because this doctrine is purely defensive and does not grant a proactive right to register a mark on an expanded line of goods or services. The Board also concluded that there was a likelihood of confusion between the marks, given their high similarity and the overlapping nature of the services provided by both parties. DFG appealed.

The Federal Circuit agreed that Brittex had established priority because it was the first to use the MONEY MART mark in connection with pawn services. The Court also rejected DFG’s zone of natural expansion argument, reiterating that the doctrine is defensive and cannot be used to establish priority offensively.

The doctrine of natural expansion, as explained in *Orange Bang v. Ole Mexican Foods* (TTAB 2015), states that:

[T]he first user of a mark in connection with particular goods or services possesses superior rights in the mark as against subsequent users of the same or similar mark for any goods or

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services which purchasers might reasonably expect to emanate from it in the normal expansion of its business under the mark.

However, the doctrine does not give the senior mark user an offensive or proactive use.

The Federal Circuit also addressed DFG's argument regarding the doctrine of tacking, which allows trademark holders to make minor modifications to their own mark while retaining the priority position of the older mark. Tacking is generally permitted to allow trademark holders to make minor adjustments to their marks to reflect changing consumer preferences, aesthetics, and marketing styles. However, the Federal Circuit determined that DFG had forfeited this argument by failing to present it during the initial cancellation proceeding before the Board. Consequently, the Court declined to consider the tacking argument on appeal.

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